ANNUAL PROGRESS REPORT ON IMPLEMENTATION OF PUBLIC LAW 106-107 THE FEDERAL FINANCIAL ASSISTANCE MANAGEMENT IMPROVEMENT ACT
U.S. Department of Education
September 2004

I. Participation in the Government-wide Streamlining and Grants.gov Efforts

- ♦ The U.S. Department of Education (ED) continues to be a very active and consistent partner in all designated P.L. 106-107 interagency workgroups, including Pre-Award, Post-Award and Audit Oversight. ED representatives participate regularly and substantively in each of these work groups, and are active in the Grants.gov initiative included in the President's Management Agenda (PMA)[1]. In addition, ED continues its long-standing involvement and participation in the **Interagency Electronic Grants Committee** (IAEGC) and now serves as co-chair with HHS of that committee. The IAEGC serves in an outreach capacity to states, local governments, tribal governments, and nonprofits, including community and faith-based organizations in support of the Interagency Workgroups and Grants.gov. The IAEGC coordinates with these entities on strategies to seamlessly integrate and streamline the Grants.gov portal to ensure that it is responsive to their needs. Through the Interagency Research and Related Workgroup, formerly, the R&R Subcommittee, the IAEGC, ED works with other research agencies and the Federal Demonstration Partnership (FDP) on the development and review of the common research application. ED is expected to use the common research application for some of its own research programs. ED representatives participate regularly with each one of the interagency workgroups. ED also is participating in discussions to implement the streamlining of the FDP Model terms and conditions with the Research Business Models Subcommittee.

- ♦ As a part of its participation in the **Pre-Award Workgroup**, ED initiated and helped to draft the Federal Register document that proposes to establish Title 2 of the Code of Federal Regulations, which will provide guidance in a single title to federal agencies on grants and on other non-procurement agreements.

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[1] Executive Office of the President—Office of Management and Budget—The President's Management Agenda, url: http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf.

♦ Working with the **Interagency Committee on Debarment and Suspension**, ED is participating in revising the OMB Debarment and Suspension guidance for 2 CFR. The Committee worked with OMB to publish the final rules in the Federal Register.[2] As noted in the government-wide section of this report, these efforts will provide better protection for federal programs. The updates in 2 CFR also will help to streamline and simplify the rules by making them clearer and easier to use, and by reducing unnecessary requirements for applicants and recipients.

♦ ED actively uses the Grants.gov FIND module for all of its funding opportunities and has directed all its applicants to access it as well. ED participated in developing the standard format for organizing information in agencies' announcements. All ED Grant Announcements use the prescribed format. As of 07/27/04 ED has 39 grant synopses in the active database and 185 grant synopses in the archive database of Grants.gov FIND. ED has posted grant synopses for all funding opportunities for its discretionary grant programs from March 2003 to the present.

♦ ED program and policy staffs continue to work with the Mandatory Grants Workgroup to streamline the data elements of the cover page for **formula grants.**

♦ ED has participated in the development, review and comment on work products from various sub-groups of the **Post-Award Workgroup**, including a Performance Progress Report, Invention Reporting, the Personal Property and Real Property Reports, and the Federal Financial Report (FFR).

♦ The **Audit Oversight Workgroup** and its Subgroups are focused on increasing awareness of audit requirements, understanding, and improving the quality of audits. ED provided training to its staff on the Single Audit Process and how ED staff can and should use single audits to find out what specific problems generated the audit findings.

♦ Since ED is a large grant-making agency, ED is one of the partner agencies of Grants.gov. ED's Chief Financial Officer participates on the Grants.gov Program Management Office Executive Board, and its

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[2] Federal Register: November 26, 2003 (Volume 68, Number 228)—Governmentwide Debarment and Suspension (Nonprocurement), and Requirements for Drug-Free Workplace (Grants); Rules (Final and Interim Final), url:
http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/pdf/03-28454.pdf

Deputy CFO, co-chairs with the National Science Foundation (NSF), the development of the business case for the E-Gov Line of Business for Grants Management Systems. The ED FTE assigned to work with Grants.gov was hired as the new Grants.gov Program Manager. ED detailed another FTE to Grants.gov from January-March 2004.

II. Internal Efforts to Create an Environment Conducive to Grants Streamlining and Simplification and Assess Impact of Changes

♦ **The Executive Management Team**, which includes ED senior management, makes recommendations to the Office of the Deputy Secretary and ensures resources for the implementation of the PMA. The Deputy Secretary and the EMT review and make recommendations for policies to support internal streamlining efforts that complement those directed to external constituencies.

♦ **Performance-Oriented.** The PMA requires that agencies integrate program budgets with performance indicators and outcomes. To that end, ED is creating a more performance-oriented grant application process that will focus on selecting applicants whose applications are structured to meet program performance measures and to yield data that will demonstrate achievement of program outcomes. Guidance in this regard is being updated and will be reflected in FY 2005 discretionary grant application packages.

♦ ED is implementing an **Annual Grant Investment Portfolio Process** created by ED's Discretionary Grants Improvement Implementation Team. The intent of this process is to: 1) align investment in grants with ED priorities and sound policy; 2) facilitate the awarding of high-quality grants in a timely fashion; 3) ensure satisfactory results from grant investments through effective performance monitoring; and 4) improve operational consistency across multiple offices and requirements, by making policy decisions early and integrating performance measures and budget activity.

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[3] Federal Register: July 8, 2004 (Volume 69, Number 130)--Direct Grant Programs--Final regulations, url: http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/pdf/04-15473.pdf.

makes electronic submission an official method of transmission. In cases where potential applicants do not have adequate computer equipment to gain access to the Internet, telecommunications charges for access to the Internet from some isolated areas are prohibitively expensive or for other valid reasons, applicants are allowed to submit paper applications in lieu of electronic versions.

♦ Furthermore, for grant competitions requiring mandatory submission of electronic applications, the Secretary will permit applicants to request waivers from the mandatory electronic submission requirement. The application notice for these competitions will include instructions on how an applicant can request a waiver to submit a paper application.

♦ ED continues to assist applicants during the transition from a paper-based application process to an electronic one. Applicants interested in submitting a grant application electronically can obtain assistance in several ways. Prospective applicants can access the Department's e-Application home page (*http://e-grants.ed.gov)* where they can complete an online demonstration on how to submit an application electronically via e-Application. Additionally, ED has established a help desk, which applicants can contact for technical support. There is also an online e-Application User's Guide and nine-step document to assist applicants in all phases of the electronic application process.

♦ **Consolidated State Application and Performance Report.** The No Child Left Behind Act of 2001 (NCLB) provides to states the option of applying for and reporting on multiple Elementary and Secondary Education Act (ESEA) programs through a single consolidated application and report. Although a central, practical purpose of the Consolidated State Application and Report is to reduce "red tape" and burden on states, the Consolidated Application and Report are also intended to have the important purpose of encouraging the integration of state, local, and ESEA programs in comprehensive planning and service delivery and enhancing the likelihood that the state will coordinate planning and service delivery across multiple state and local programs. The combined goal of all educational agencies -- state, local, and federal -- is a more coherent, well-integrated educational plan that will result in improved teaching and learning. The NCLB Consolidated State Performance Report (CSPR) consists of information related to state activities and outcomes of specific ESEA programs that mandates the requirements for the Secretary's Report to Congress and information necessary for the Secretary to report on the Department's GPRA indicators.

♦ **The Performance-Based Data Management Initiative (PBDMI)** is designed to leverage technology to reengineer ED's current data

collection and management activities in order to reduce the data collection burden on states, improve the usefulness of information to all levels of the government, and meet the requirements of the *No Child Left Behind Act of 2001*. ED has been piloting the PBDMI collection over the past year. This project is intended to demonstrate how the Department manages its grants by increasing the amount of useful performance information available to monitor grants and provide targeted, high-quality technical assistance.

♦ ED-wide coordination of P.L. 106-107 and P.L. 105-227 (Government Paperwork Elimination Act) occurs at multiple levels. The Management Improvement Team in the Office of the Deputy Secretary tracks the implementation of the Secretary's Action Items related to the PMA. The Office of the Chief Information Officer and the Office of Chief Financial Officer (OCFO) collaboratively own action items related to eGov.

♦ Management support for the implementation of P.L. 106-107 and Grants.gov continues to evolve and reflect personnel, administrative, and technological commitments. ED continues to increase the number of grant programs that offer the option for the public to submit grant applications electronically, and more programs are now requiring electronic submission where possible.

♦ ED has begun the transition from using its own e-Application system to using Grants.gov APPLY and was the first agency to post an application package on Grants.gov APPLY when it went live in October 2003. In addition, ED successfully implemented a system-to-system interface that has been used to pull applications from Grants.gov into the ED Grant Administration and Payment System.

♦ ED continues to solicit and receive customer feedback on its e-Application system via online surveys, e-mail, phone, and face-to-face interactions with customers at workshops and conferences. The large majority of the feedback is positive and any suggestions for improvement are used to make modifications to the software and/or business processes surrounding electronic submission. In addition, the Department shares feedback it may receive on the Grants.gov software with the Grants.gov PMO and is taking steps to make applicants and grantees aware that Grants.gov is available and is intended to become the Government-wide system for electronic application submission.

♦ The successful implementation of ED's e-Application pilot has introduced a culture change in the way applicants submit applications. E-Application facilitates the applicants' transition to Grants.gov.

♦ In addition, ED internal policy guidance now requires that grant

synopses be created for all grant competition announcements published in the Federal Register (official application notices/closing date notices) and be posted on Grants.gov FIND. The first grant synopses were posted on March 3, 2003. Today, information on one hundred percent of ED's funding announcements are being posted on Grants.gov, thus contributing to the federal government-wide eGov goal of making it easier for the public to find funding opportunities at a central location.

♦ Because ED is a major partner in the training of applicants that are faith-based and community organizations, ED introduces the P.L. 106-107 and Grants.gov activities in the funding opportunities presentations for the White House Faith-Based and Community Organizations Conferences.

III. Implementing the Recent Changes Affecting the Pre-Award Process

A. Grants.gov FIND

♦ Since the beginning of March 2003, ED has posted synopses of all of its announcements of funding opportunities on Grants.gov. This activity fulfilled ED's commitment to the PMO to launch postings in Grants.gov in March 2003. In order to prepare for this successful launch, ED's OCFO and Office of the General Counsel Division of Regulatory Services along with Senior OGC Staff (OGC/DRS) worked together to develop procedures and instructions for the preparation, approval, and posting of funding opportunities using the new format. OGC and OCFO prepared appropriate materials for distribution throughout ED while OCFO developed and provided the training to ED staff to create, save, edit, and delete grant synopses. OCFO staff also created the agency, office and training modules for ED in Grants.gov FIND. OCFO staff created and maintains the Department of Education portion of the Grants.gov Database including user access and security in Grants.gov FIND. OCFO staff reviews grant synopses that have been created by ED Program Staff. OCFO staff is responsible for linking the grant synopsis to the official application notice published in the Federal Register. OCFO staff is responsible for the posting of grant synopses in Grants.gov FIND.

♦ OGC reviews a copy of each synopsis before it is posted at Grants.gov to ensure that it responds to all appropriate data elements and accurately reflects information in the full application notice (grants announcement) that ED publishes concurrently in the Federal Register. OGC began this process March 1, 2003.

♦ OGC assisted OCFO in training personnel from programmatic offices on preparing synopses and entering them into Grants.gov FIND. Formal hands-on training sessions were held for ED staff, including some OGC staff, utilizing a training module built in Grants.gov FIND by OCFO Staff. Training materials were developed specifically for these sessions using information from previously announced grant competitions.

B. Announcement Template

♦ Within the Department of Education (ED) the Division of Regulatory Services (DRS) of the Office of the General Counsel (OGC) has responsibility for implementation and oversight of the Office of Federal Financial Management (OFFM) Policy Letter of June 23, 2003.

♦ Upon OMB's issuance of the policy letter in final form, DRS undertook actions to modify ED's form of application notice for offices of the Department to use when the policy letter became effective on October 23, 2003.

♦ DRS initiated a revision of the affected chapter of the Department's Regulatory Quality Manual (RQM) containing instructions for drafting application notices for direct (discretionary) grants and cooperative agreements to conform to the OFFM policy letter and made other changes to the contents of certain sections. On October 10, 2003, the Assistant General Counsel for Regulatory Services, who heads DRS, sent a memo and the revised chapter to the senior staff of OGC, all program attorneys, and Regulations Officers throughout the Department. The memo specified that the revised chapter of ED's RQM meeting the requirements of the policy letter would apply to all application notices published in the Federal Register on or after October 23, 2003. The attachments to the memo included instructions for applying the new format, a sample document prepared according to the new format, and a template for drafters of application notices.

♦ Following the issuance of this internal memorandum, DRS initiated training for virtually all principal program offices and some principal staff offices of ED, as well as training specifically tailored for program attorneys. In response to requests from throughout the Department, the training extended over a number of weeks.

♦ ED is in compliance with the policy letter with respect to all application notices that it publishes in the Federal Register. Because DRS reviews all regulatory documents to be published in the Federal Register, including application notices, DRS ensures that these notices comply with the policy letter's requirements.

♦ The DRS initiative on the policy letter dovetails with other activities within ED to expedite and otherwise improve the grants award process.

♦ Currently DRS is revising the instructions and form of notice to reflect recent changes in the Department's administrative regulations regarding procedures for submitting applications. DRS also has invited Regulations Officers and other officials to review their experience with the format prescribed by the policy letter and recommend any changes to improve the form of notice.

♦ DRS has received feedback from offices and individuals within the Department but has not received any feedback from ED constituencies outside the agency.

IV. The Grants.gov Portal for Electronic Applications

♦ ED continues to participate fully in Grants.gov and has begun its transition to using it to accept electronic applications. ED has made both FTE and financial contributions to Grants.gov, and representatives of ED attend stakeholder meetings and Executive Board meetings of Grants.gov on a regular basis.

♦ In October 2003, ED became the first agency to post an application package when Grants.gov APPLY was implemented. To be in a position to post an application package, ED worked with Grants.gov to have the ED standard application forms developed, tested and implemented before October. Implementing Grants.gov with ED standard forms provided the best opportunity for early success, because many programs use the ED standard forms, which gave ED the flexibility to establish criteria for participating with Grants.gov APPLY in FY 2004 and select five programs to use the new system.

♦ In addition to ensuring that the ED standard forms would be available in Grants.gov, another key to moving ED programs to accepting electronic applications via Grants.gov was the implementation of the ED system-to-system interface. The ED interface development was completed in early 2004, and the Department began using the interface to pull electronic applications received by Grants.gov in April 2004. ED received a total of 15 applications via Grants.gov. Fourteen of those applications were pulled successfully into the ED GAPS database by the ED system-to-system interface. (One application was received before the interface was available, and it was manually entered into the GAPS system.)

♦ In FY 2004, the work done to implement the ED standard forms and to develop the ED system-to-system interface have laid the foundation for

more programs to use Grants.gov in FY 2005. ED submitted a preliminary ramp up schedule in March and an updated version in May indicating that ED plans to use Grants.gov APPLY with fifty programs in FY 2005. This is a ten-fold increase over the five programs ED posted on Grants.gov APPLY in FY 2004.

♦ To support this increase in programs using Grants.gov APPLY in FY 2005, ED will be holding its annual electronic grants kick off meeting this fall. ED has invited Grants.gov representatives to give a presentation and will be finalizing details on that presentation in the late summer. In addition, ED staff that participated in the Grants.gov "Train the Trainer" sessions in FY 2004 will be working to train agency users who will be posting application packages on Grants.gov in FY 2005.

♦ ED continues to take steps that will allow programs that do not use the ED standard forms to use Grants.gov. An analysis task is under way for ED to review its application packages and identify non-core data elements (beyond the elements in the ED standard forms), including performance indicators, that can be included in the core-plus data elements accepted by Grants.gov. In addition, ED plans to continue to work with OMB to expand the generic application package that includes the ED standard forms. The expansion of the generic package will allow more programs to use it and will make it easier and more efficient for programs to use Grants.gov APPLY. ED, with the help of a contractor, is about to begin an analysis of its application forms to streamline and consolidate them as well as make them Grants.gov ready. This analysis is targeted to be completed by the end of the second quarter of FY 05.

♦ Also, ED participated in the development of and plans to use the Research and Related cross-agency data set, once that data set is approved and implemented by Grants.gov. The Institute of Education Sciences has expressed an interest in using this application, once it becomes available. The National Institute on Disability and Rehabilitation Research has similarly stated its interest in using this application.

♦ In addition to its participation with Grants.gov, ED continues to make progress providing electronic application packages to its customers and receiving electronic grant applications using its existing electronic application system, e-Application. The e-Application web site has been operational for five years. In FY 2004, approximately 80 percent of ED's programs used e-Application to provide applicants the capability to submit electronic applications. ED continues to move toward a fully electronic grant process and has already implemented electronic payments (e-Payments) in FY 1998, electronic peer review (e-Reader) and electronic performance reports (e-Reports) in FY 2001, and

electronic administrative changes (e-Administration) in FY 2003. Participation in all areas of e-Grants continues to increase, and currently over 95 percent of grant recipients draw down funds electronically using e-Payments.

♦ ED used its existing e-Application site to help publicize Grants.gov by posting a link to the Grants.gov web site. In addition, ED continues to speak to applicants and grantees at workshops and conferences about the Department's electronic grants process and to make those audiences aware that Grants.gov is the future of electronic grant applications for the Federal government. As part of these presentations, ED includes information on the Grants.gov registration process and that having a DUNS number is now a requirement for all grant applicants across the federal government.

♦ ED has urged its applicants both in application notices and at national conferences to complete the Grants.gov registration process well in advance of actually preparing a Grants.gov application. ED has required its grantees to have a DUNS number since 1998. Consequently, most of the outreach related to the new government-wide requirement for a DUNS number has been done for new applicants, particularly faith-based, non-profit organizations.

V. Other

♦ **Grants Management Line of Business.** In March of 2004, the Office of Management and Budget (OMB) formed a Grants Management Line of Business (GMLoB) task force as part of its government-wide business consolidation efforts. Along with NSF, ED serves as co-chair and managing partner for the development of the GMLoB. The GMLoB task force vision is to implement a government-wide framework to effectively support end-to-end grants management activities that: promote citizen access, customer service, financial and technical stewardship; achieve agency missions; and ensure business efficiencies and economies of scale within varying business models in identified market segments.

The Grants Management LoB Objectives govern the following process and analysis.

1. Improve customer access to grant opportunities

- Facilitate the development and distribution of solicitations through Grants.gov
- Support for the development and submission of grant proposals

through Grants.gov
- Increase lead-time for announcement
- Facilitate client/customer authentication and access to grant programs

2. Increase efficiency of the submission process

3. Improve decision making

- More effective and efficient review and decision process
- Improved communication to customer

4. Integrate with Financial Management processes

5. Improve the efficiency of the reporting procedures in order to increase the usable information content.

6. Optimize the post-award and closeout actions.

- The GMLoB Common Solution will greatly increase the efficiency of the Federal Grants Management processes by standardizing as many of these processes as possible across the Federal government. We have gained much by pooling the talents of participants and experts in the Federal grant-management community to attend to the back-office processes of Grant management

♦ **Federal Enterprise Architecture.** In conducting an analysis for streamlining and consolidating of all ED grant application forms, the contractor for this task has been requested to develop work products that are consistent with the ED EA Data Standards and Guidelines for Grants. These deliverables are requested to be in an electronically readable format, preferably one that can be imported into the Popkin System Architect tool. ED participates in OMB's Committee on Architecture and Infrastructure Governance. This Committee is leading a federal government-wide effort to establish the use of Extensible Markup Language data type definitions for public health and education agencies at both the federal and state levels. ED established a Data Architecture Committee that will incorporate the eGrants data dictionary into the ED Enterprise Data Dictionary.